

Minutes of Meeting of Audit Scotland held in the offices of Audit Scotland, 110 George Street, Edinburgh on Tuesday, 25 March 2008 at 2.00pm.

PRESENT: J Baillie (Chair)
I Low
R W Black
P Taylor

IN ATTENDANCE: D McGiffen, Director of Corporate Services
R Frith, Director of Audit Strategy
C Coull, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Accountable Officer's Report
4.	Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Government Response
5.	Budget 2008/09
6.	Review of NAO Corporate Governance
7.	Ethical Governance
8.	Corporate Homicide Act 2007
9.	Performance Update – Quarter 3 Report 2007/08
10.	2008 Pay Award (Main Grades)
11.	Reward Project Update (Main Grades)
12.	Diversity & Equality Report
13.	Board Membership
14.	Future Meetings

1. Apologies

Apologies for absence were submitted on behalf of Caroline Gardner.

2. Minutes

The minutes of meeting of 30 January 2008 were submitted and approved.

The minutes of meeting of the Audit Committee of 30 January 2008 were submitted and approved.

The minutes of meeting of the Remuneration Committee of 30 January 2008 were submitted and approved, subject to an amendment to show Phil Taylor as Chair of the Committee.

3. Accountable Officer's Report

The Accountable Officer introduced his report updating the Board on progress in Audit Scotland since its last meeting. He highlighted the following areas:

- Business Performance
- Supporting effective democratic scrutiny
- Maximising the value of the audit
- Quality assurance activity.
- International engagements
- External Relations
- Fire Protection work at 18 George Street.

The position was noted.

4. Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Government Response

There was submitted a report by the Deputy Auditor General advising of the Government response to the Crerar Review of Scrutiny and the remit of the programme board and fixed term action groups which were carrying out work in this regard. It was noted that Audit Scotland was represented on four of the fixed term action groups with the fifth being chaired by Douglas Sinclair in his capacity as Chair of the Scottish Consumer Council. The implications for the Accounts Commission, the Auditor General and Audit Scotland were highlighted.

The position was noted.

5. Budget 2008/09

There was submitted a report by the Director of Audit Strategy and Director of Corporate Services presenting Audit Scotland's proposed budget for 2008/09 for approval. The budget included a number of efficiencies and was built on the same assumptions that had underpinned the SCPA bid.

Discussion took place in particular on the end of year flexibility, the ways in which this could be dealt with and the activities which it was proposed be funded in this manner.

Thereafter, the paper was noted and the budget for 2008/09 was approved.

6. Review of NAO Corporate Governance

There was submitted a report by the Accountable Officer updating the Board on the recent review of corporate governance at the National Audit Office and inviting the Board to consider any implications for Audit Scotland. Attached to the report was a copy of the Tiner report together with the response by the Public Accounts Commission.

It was agreed that it would be appropriate for an analysis to be carried out of Audit Scotland's procedures as against the proposals in the Tiner report and Government response. It was accordingly agreed that a further report should be submitted analysing the issues, showing where Audit Scotland was already compliant and where it would be appropriate for changes to be made.

7. Ethical Governance

There was submitted a report by the Director of Audit Strategy updating the Board on the implementation of ethical standards for Auditors in Audit Scotland and on a number of the issues that arose in respect of the running of the business. It was noted that the Management Team had concluded that the ethical standards principles should apply to all staff and discussion took place on the position of confidentiality in respect of secondees and possible difficulties in respect of services being shared with other bodies.

The position was noted.

8. Corporate Homicide Act 2007

There was submitted a report by the Director of Corporate Services providing an initial briefing on the implications for Audit Scotland of the Corporate Homicide Act 2007 which would come into force on 6 April 2008.

It was agreed that strategic health and safety issues, including any relating to corporate homicide, should be included within the remit of the Audit Committee; that it should be part of the annual internal audit programme, to inform the annual report of assurance; and that a briefing session be held for members at the next Audit Scotland meeting.

9. Performance Update – Quarter 3 Report 2007/08

There was submitted a report by the Director of Corporate Services presenting summary performance monitoring information for the third quarter of the financial year.

Questions were asked on a number of the performance statistics, in particular indicators 18, 2.1, 20, 6B1, 6C1 and 9.C2 and it was agreed that further information in this regard would be circulated to members.

10. 2008 Pay Award (Main Grades)

There was submitted a report by the Director of Corporate Services advising that the 2008 pay settlement within Scottish local government was likely to be delayed due to the employers and unions being unable to agree a settlement figure in time for the pay award date of 1 April 2008. The Audit Scotland Management Team had

discussed the matter and recommended that a interim settlement of 2% be made by Audit Scotland on 1 April 2008.

It was agreed that an interim settlement of 2% be made to main grade staff with effect from 1 April 2008.

11. Reward Project Update (Main Grades)

There was submitted a report by the Director of Corporate Services providing an overview of the key milestones and timescales for the completion of the first phase of the reward project for main grade staff.

Following discussion, it was agreed that the consultants be asked to differentiate in their analysis between Scottish bodies, private sector bodies, and bodies outwith Scotland and it was noted that a final suite of recommendations would be presented to the Remuneration Committee in August 2008.

12. Diversity & Equality Report

There was submitted a report by the Director of Corporate Services updating the Board on the progress of Diversity & Equality. A draft annual progress report was attached.

Following discussion, the position was noted.

13. Board Membership

There was submitted a report by the Secretary advising that Phil Taylor's term of office as a non-executive member would expire on 30 September 2008 and inviting the Board to consider the arrangements it would like to put in place to recruit a new member.

It was agreed that recruitment should comply with the Code for Public Appointments, and that the Secretary submit a further report to the next meeting with proposals.

14. Future Meetings

It was agreed that the following meetings be held on the following dates:

15 April	10.30 am	Remuneration Committee & Audit Committee
23 May	10.30 am	Audit Committee & Audit Scotland Board
12 August	10.30 am	Remuneration Committee & Audit Scotland Board
16 September	10.30 am	Audit Committee & Audit Scotland Board
19 November	2pm	Audit Committee